

Request for Information
Hawaii Public Benefits Fee Administrator:
Administration and Program Offerings

1. Purpose

The State of Hawaii Public Utilities Commission (“Commission”) issues this Request for Information (“RFI”) to solicit input on the scope of services and program offerings for a Public Benefits Fee Administrator (“PBFA”), who shall be responsible for implementation and administration of the Hawaii Energy Efficiency Program (“Hawaii Energy”)¹. The Commission seeks input and recommendations from stakeholders, program developers and administrators, and other similar energy efficiency and/or demand-side management developers, contractors, regulators, or advisors (“Interested Parties”).

The Commission is developing a Request for Proposal (“RFP”) for a new PBFA contract, as the current contract expires on December 31, 2016. The superseding contract would begin as early as March 1, 2016 to allow adequate transition time to prepare for a new Program Year² starting on July 1, 2016.

2. Background

The State of Hawaii (“State”) established the Hawaii Clean Energy Initiative in 2008, with a goal of meeting 70% of the State’s energy needs through renewable energy and energy efficiency by 2030. The Legislature subsequently passed Act 155, Session Laws of Hawaii 2009 (“Act 155”), which allowed the Commission to establish energy-efficiency portfolio standards (“EEPS”) to maximize cost-effective energy-efficiency programs and technologies. As specified in HRS § 269-96(b), the energy-efficiency portfolio standard is designed to achieve 4,300 gigawatt-hours (“GWh”) of electricity use reduction statewide by 2030³.

In 2013, the Commission conducted an Energy Efficiency Potential Study (“Potential Study”). The Potential Study findings include the following: 1) It is highly likely that the EEPS goal of 4300 GWh savings can be met by 2030; and 2) Estimation of cost-effective cumulative energy efficiency potential in 2030 is 6,210 GWh, or about 144% of current EEPS goals⁴. The additional energy efficiency potential is due mostly to economic potential.⁵

The creation, implementation, and operation of the public benefits fee, public benefits fee administrator, and related programs serve the energy efficiency goals of the Commission and the State.

¹ Hawaii Energy is the brand for the third-party administered energy efficiency programs operating under the guidance of the Commission.

² The Program Year for the Hawaii Energy runs from July 1 – June 30. The current Program Year, Program Year 2014, runs from July 1, 2014 through June 30, 2015.

³ HRS 269-96(a), (b)

⁴ State of Hawaii Energy Efficiency Potential Study, Executive Summary, Page i

⁵ The additional energy efficiency potential of 6,210 GWh is due mostly to economic potential, which is the amount of cost-effective potential remaining after appliance standards and building codes are taken into consideration. This may include future EE programs, savings that result from early adopters acting outside of programs, and savings due to changes in manufacturing practices as a result of agreements with Energy Star or energy efficiency agencies. These latter two types of savings are not currently counted towards the EEPS goal.

2.1 Public Benefits Fee

In 2006, the Hawaii State Legislature (“Legislature”) passed Act 162, Session of Laws of Hawaii 2006 (“Act 162”), codified under section 269-121, Hawaii Revised Statutes (“HRS”), which authorized the Commission to collect a surcharge from electric ratepayers to be known as the public benefits fee (“PBF”). The PBF collections began in January 2009⁶.

The PBF is a demand-side management surcharge collected by the Hawaiian Electric Companies (“HECO Companies”)⁷ from ratepayers, and is used to support clean energy technology, demand response technology, energy use reduction, and demand-side management infrastructure, programs, and services, subject to commission review and approval⁸.

The PBF is currently set at 1.5%⁹, based on an annual projection of the electric utility’s total revenues. In 2013, the use of PBF was amended to include financing of energy efficiency, demand response and renewable energy technologies that are eligible under the State’s renewable portfolio standard.¹⁰

2.2 The Hawaii Energy Efficiency Program

The PBF surcharge collections funds Hawaii Energy, which forms the foundation of the State’s energy efficiency programs and services contributing to EEPS. Since 2009, Hawaii Energy has contributed between seventy-five (75) and ninety (90) percent of the State’s annual EEPS targets,¹¹ which equates to roughly 140 to 156 GWh of energy savings each year of the roughly 195 GWh annual target (4,300 GWh over twenty-two years).

The Commission objectives¹² for demand-side management programs include:

1. Energy savings;
2. Peak demand reduction (including overall demand reduction, targeted peak reduction, targeted geographical load reduction, and load shifting);
3. Customer equity (providing all classes of customers the opportunity to participate in the programs);
4. Cost effectiveness (recognizing that this objective may sometimes be at odds with customer equity); and
5. Market transformation.

Hawaii Energy program goals include achieving long-lasting and cost-effective energy savings for ratepayers through key strategies including customer equity and the public good, market transformation, effective program administration, and prudent use of PBF moneys.

⁶ Docket 2007-0323. Order Setting the Public Benefits Fee Surcharge for 2009. Page 13. Dated December 15, 2008. Page 13.

⁷ The Hawaiian Electric Companies means the investor-owned and operated electric utilities which include Hawaiian Electric Company Inc. (“HECO”) serving the island of Oahu; Hawaiian Electric Light Company, Inc. (“HELCO”) serving the island of Hawaii; and Maui Electric Company, Limited (“MECO”) serving the islands of Maui, Lanai, and Molokai.

⁸ HRS § 269-121.

⁹ Docket 2007-0323, Order 32159, dated June 24, 2014.

¹⁰ Act 260, 2013. HB 1405 CD1. Effective July 1, 2013. HRS 269-121.

¹¹ EEPS Report, December 2013, p4.

¹² Docket 05-0069, D&O 23258.

2.3 Public Benefits Fee Administrator

The Public Benefits Fee Administrator is the third-party administrator of Hawaii Energy. Current statute requires that the PBFA shall not be an electric public utility or an electric public utility affiliate. The PBFA is also subject to regulation and oversight by the Commission and is required to report directly to the Commission on a regular basis.¹³

The qualification requirements for a PBFA may include experience and expertise in:

1. Energy-efficient and renewable energy technologies and methods;¹⁴ and
2. Identifying, developing, administering, and implementing demand-side management and energy-efficiency programs.¹⁵

In 2009, following a competitive bid selection process, the Commission selected Leidos Engineering, LLC (formerly SAIC Energy, Environment & Infrastructure, LLC), and executed a three-year contract, with the option to renew for three additional years.

2.4 PBFA Deliverables and Budget

The PBFA is required to submit the following deliverables to the Commission for review and approval (www.hawaiienergy.com/information-reports):

1. Annual Plan: details annual budget, energy saving and program targets, and key program offerings for each Program Year;
2. Annual Report: reports on actual expenditures, program target results and performance; and
3. Monthly Report: details monthly actual expenditures, progress of targets, and program milestones/highlights from each department.

The PBFA annual program offerings, budget, and energy savings targets are negotiated with the Commission for each Program Year. The current Program Year, 2014, began on July 1, 2014, and will end June 30, 2015. The budget for Program Year 2014 is \$39.7M, which includes a performance award amount of \$700,000, with the possibility of earning an additional \$133,000 for exceeding performance targets.¹⁶ The performance award is returned at the end of the Program Year if the PBFA meets performance targets, pending verification from the Commission's third-party evaluation, monitoring, and verification contractor.

The PBFA energy savings targets for Program Year 2014 include 134 GWh in first-year energy savings and 17,250 kW in peak demand reduction. The PBFA performance award categories are listed in the following table, and detailed in each Annual Plan:

Performance Target Item	Percentage of Performance Award Amount
First Year Energy Reduction	35%
Peak Demand Reduction	5%
Total Resource Benefit	40%
Island Equity	10%
Market Transformation	10%

¹³ HRS §269-122(b)

¹⁴ HRS §269-123(a)

¹⁵ HRS §269-123(b)

¹⁶ Hawaii Energy Annual Plan PY 14, p121-123.

3. Feedback from Interested Parties

Interested Parties are expected to only respond to questions that reflect areas of knowledge and/or experience. Responses to all areas listed below is not required. Responses shall be listed chronologically and numbered according to the RFI question number. Responses are encouraged to be substantive but succinct, and provide quantitative examples where possible.

The Commission shall not pay for information provided under this RFI and the Commission will not provide reimbursement for costs incurred in responding to this RFI. This RFI does not constitute a solicitation for proposals, and the Commission is not accepting applications for financial assistance or financial incentives under this RFI. Responses to the RFI will be treated as informational only and will not be viewed as a binding commitment for the Interested Party to develop or pursue the project or ideas discussed. There is no guarantee that future opportunities or other activities will be undertaken as a result of this RFI.

3.1 Background of Interested Parties

Interested Parties should provide the following information:

1. Company or organization name and contact person;
2. Address, telephone number(s) and email address(es);
3. Brief overview of any relevant partnerships, alliances and/or subsidiary or holding relationships;
4. Brief overview of your organization's administrative structure relating to topics discussed in this RFI;
5. List of relevant certifications, qualifications, skills and/or unique offerings; and
6. Description of your experience, including program or service offerings, initiatives, particular highlights, consumer and technological markets addressed.

3.2 Commission Areas of Interest

As discussed in Section 2, the energy-efficiency portfolio standards are designed to achieve 4,300 GWh by 2030, or roughly 195 GWh per year. Historical Hawaii Energy program savings have contributed up to 90% of the EEPs targets. During the course of the current contract, the PBFA has developed a range of programs and established savings and results that are documented in the PBFA Annual Plans and Reports, and verified by an independent evaluation, measurement and verification contractor. The Potential Study has also estimated additional potential for energy savings. The Commission is seeking ideas, proposed programs, and innovative solutions in the following key areas of interest:

1. Deeper energy savings. As Hawaii Energy evolves, there is opportunity to access further energy savings and offer customers more comprehensive solutions;
2. Cost effective programs and solutions, including identification of market barriers;
3. Integration of renewable energy, including interfacing with renewable energy provider options and programs;
4. Utility interfacing, including the ability to collaborate in traditional utility planning and assist with load balancing;
5. Leveraging of existing relationships and networks to drive the program;
6. Deployment of an engaged, market-savvy contractor network;
7. Identifying and engaging untapped energy efficiency markets and key segments to maximize program participation;
8. Innovative, cost-effective program marketing and brand awareness;
9. Focus on island equity and hard to reach segments; and
10. Examples of best practices for longer-term education and transformation programs.

The Commission seeks feedback from Interested Parties on their innovative ideas to address each of the areas of interest listed above. Interested Parties are encouraged to share relevant case studies and specific examples from their own experiences and program offerings.

4. Instructions for Interested Parties

1. Commission Contact Person.
Please direct communications and inquiries regarding this RFP to:
Germaine Salim-Hagihara, Research Assistant
Public Utilities Commission
465 South King Street, Room 103
Telephone: (808) 586-3757
Email: germaine.salim@hawaii.gov
2. Submission Requirements. Please submit comments and information to Section 3 of the RFI as applicable to the expertise of the Interested Party. Interested Parties should provide a company or organization name, contact person, contact telephone number and email address, and information that establishes the Interested Party as a credible source of information, including any information about related experience.
3. Due Date. Please submit responses to the RFI by 4:30 pm July 2, 2015.
4. Format of Responses. Please submit RFI documents to the RFI Commission contact person, in accessible format. This includes:
 - Electronic copies using Microsoft Office (may be emailed); and/or
 - Paper copies (may be sent by U.S. Mail)
5. Confidentiality. Clearly and specifically mark any information that Interested Parties request be treated as confidential and not be disclosed under chapter 92F, Hawaii Revised Statutes, or by other law, outside of the Commission, its employees, consultants, and representatives involved with the evaluation of information received in response to this RFI. Blanket and unsupported confidentiality designations shall not be honored by the Commission. Responses shall specifically identify the document and information to be protected and the Interested Party shall have the burden of establishing that the information should be protected. Any statement of condition in any information that attempts to restrict the Commission's rights under this section shall be void.
6. Questions and Addendum. If an Interested Party needs additional information or clarification regarding any part of the RFI document, or the RFI process outlined in this document, it shall present its questions in writing, by mail or email, to the Commission Contact Person named above. The Commission may post a response on its website for the benefit of all Interested Parties and/or prepare and distribute an Addendum addressing question(s) received.

5. Terms and Acronyms Used Herein

“Commission” or “PUC” means Public Utilities Commission of the State of Hawaii.

“D&O” means Decision and Order.

“EEPS” means Energy-Efficiency Portfolio Standard.

“EM&V” means evaluation, monitoring, and verification.

“Hawaii Energy” see HEEP.

“HECO Companies” means the Hawaiian Electric Company, Inc.; the Maui Electric Company, Inc.; and the Hawaii Electric Light Company, Inc.

“HEEP” means Hawaii Energy Efficiency Program.

“HRS” means Hawaii Revised Statutes.

“Interested Parties” means stakeholders, energy efficiency and/or demand-side developers, administrators, contractors, regulators, advisors, potential bidders, and/or other related organizations that may respond to this RFI.

“KIUC” means Kauai Island Utility Cooperative.

“PBF” means Public Benefits Fee.

“PBFA” means Public Benefits Fee Administrator.

“RFI” means Request for Information.

“RFP” means Request for Proposals.